



Financial Services Commission
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Financial Supervisory Service
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Press Release

January 27, 2012

APPROVAL FOR HFG'S ACQUISITION OF KEB

The FSC approved Hana Financial Group (HFG)'s acquisition of Korea Exchange Bank (KEB) at its regular meeting on January 27, 2012.

Under the Financial Holding Companies Act, a potential acquirer is required to meet the following three conditions: (1) The business plan of a company included as a subsidiary shall be appropriate and sound; (2) The financial standing and business management of such financial holding company and its subsidiary shall be sound; and (3) The funding plan for acquisition shall be appropriate.

In granting approval, the FSC shall consult in advance with the Fair Trade Commission (FTC) as to whether the merger or acquisition substantially limits competition in the relevant market.

In regard with this matter, the FTC notified the FSC on December 29, 2011 that such acquisition would not substantially limit competition in the relevant market.

The FSS also notified the FSC on January 27, 2012 that HFG satisfies the requirements under the Financial Holding Companies Act to acquire KEB as its subsidiary.

(1) KEB's business plan is appropriate to keep its operations and maintain the managerial soundness of HFG and KEB.

(2) As of end-September 2011, the BIS capital adequacy ratios of HFG (13.05%) and KEB (13.98%) meet the standard set by the FSC.

(3) HFG's acquisition of KEB was partly funded by its own debt; however, there is no concern that it would significantly hurt its managerial soundness.

With approval for HFG's acquisition of KEB, KEB's 13 subsidiaries will be included as lower-tier subsidiaries of HFG. As a result, the number of HFG's subsidiaries will increase from 8 to 9; and lower-sub-subsidiaries from 9 to 22.

As a result of the acquisition, seven of all domestic banks will belong under financial holding companies.



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Hana Financial Group

1. General Information

- Establishment: 2005.12.01
- CEOs: Kim Seung-Yu, Kim Jong-Yeol
- Head Office: 101-1 Euljiro 1-ga, Jung-gu, Seoul, Korea
- Number of Employees: 12,870

2. Financial Analysis (units in KRW, %)

- Total Assets: 183.5 Trillion
- Shareholders' Equity(Paid in Capital): 14.9 Trillion (1.2 Trillion)
- Net Income (Jan~Sep): 1,074 Billion
- BIS Ratio: 13.05% (Basel 1)

Korea Exchange Bank

1. General Information

- Establishment: 1967.01.30
- CEO: Larry A. Klane
- Head Office: 181 Euljiro 2-ga, Jung-gu, Seoul, Korea
- Number of Employees: 7,626

2. Financial Analysis (units in KRW, %)

- Total Assets: 103.5 Trillion
- Shareholders' Equity(Paid in Capital): 8.3 Trillion (3.2 Trillion)
- Net Income (Jan~Sep): 1,418 Billion
- BIS Ratio: 13.98% (Basel 1)

(All information is based on end-September 2011)



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Analysis of Hana Financial Group's Corporate Structure (after acquisition)

Types		Name of the Company
Subsidiaries		Hana Bank Hana Daetoo Securities Hana Daol Trust Hana SK Card Hana HSBC Life Insurance Hana Capital Hana I&S Hana Institute of Finance
		Korea Exchange Bank
Lower-tier Subsidiaries	Hana Bank	Hana Bank (China) Inc. PT Bank Hana (Indonesia) Hana Funding Ltd. Taesan LCD*
	Hana Daetoo Securities	Hana Asia Ltd. Hana No.1 PEF KoFC Hana Dongbu Frontier Champ PEF
	Hana Daol Trust	Hana Daol Fund Management Daol Investments Inc.
	Korea Exchange Bank	KEB Capital KEB Futures KEB Investor Services KEB NY Financial KEB LA Financial KEB USA International KEB of Canada KEB Australia (Holdings) Ltd. PT. Bank KEB Indonesia Korea Exchange Bank(D) AG Banco KEB do Brasil S.A. KEB Bank China KEB Asia Finance

*Owns Taesan Photoelectric and 4 other Companies

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